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# CONSIDERATION OF GUIDELINES ON KEY SECTORS FOR TRADE EFFICIENCY: CUSTOMS, TRANSPORT, BANKING AND INSURANCE, BUSINESS INFORMATION FOR TRADE, BUSINESS PRACTICES AND TELECOMMUNICATIONS

## Draft recommendations not considered by the Ad Hoc Working Group on Trade Efficiency

Document prepared by the UNCTAD secretariat

At its third session (2-11 May 1994), the Ad Hoc Working Group on Trade Efficiency considered a number of draft recommendations, in particular those addressed to Governments, on key sectors for trade efficiency. Those draft recommendations are contained in annex IV of the final report of the Ad Hoc Working Group (TD/B/40(2)/L.6).

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With a view to facilitating the consideration of the remaining draft recommendations, the secretariat has extracted such draft recommendations from documents TD/B/WG.6/Add.1/Part I and II and TD/B/WG.2/6/11/Add.1 to 5 and regrouped them in the present one.

The wording of each draft recommendation is taken from the source document. To harmonize their presentation with that of the draft recommendations already examined, the secretariat has proposed wherever possible revised formulations. The suggested revised formulations are printed in italics.

CONTENTS

| | | Page |
|---|---|---|
| I. | RECOMMENDATIONS ON BUSINESS PRACTICES | 4 |
| | Recommendations to trades | 4 |
| | Recommendations to providers of international trade services | 7 |
| II. | RECOMMENDATIONS ON TRANSPORT | 9 |
| | Recommendations to commercial parties | 9 |
| | Recommendations to intergovernmental organizations | 12 |
| | Implementation of the suggested recommendations | 13 |
| III. | RECOMMENDATIONS ON BANKING AND INSURANCE | 13 |
| | Recommendations to Trade Points | 13 |
| | Recommendations to local trade efficiency associations | 17 |
| | Recommendations to UNCTAD and to the Trade Point Network | 18 |
| | Recommendations to financial institutions associated with the Trade Points | 18 |
| IV. | RECOMMENDATIONS ON TELECOMMUNICATIONS | 19 |
| | Recommendations to Trade Points | 19 |
| | Recommendations to private operators of telecommunications systems | 20 |
| V. | RECOMMENDATIONS ON BUSINESS INFORMATION FOR TRADE | 24 |

## I. RECOMMENDATIONS ON BUSINESS PRACTICES
(extracted from TD/B/WG.2/6/Add.1/Part I and II)

### Recommendations to traders

1. Export strategy (Original: Part I, p. 15, para. 6)

Prepare a suitable export strategy.

*Suggested: Traders should: ...*

2. Researching and entering markets (Original: p. 16, para. 7)

1 Don't spend time examining too many markets; concentrate on a few.

2 Select a market which has sufficient potential.

3 Remember, a small market may still have a significant niche and less competition.

4 Select a market where your product has some competitive advantage, for example; design, performance, quality or price - but do not rely exclusively on price.

5 Visit the market yourself before commissioning a detailed field study. Talking to leading buyers or visiting an exhibition can help you to identify key questions.

6 Use the services of export promotion, facilitation body, banks, Chambers of Commerce, trade associations and any other contacts you may have.

*Suggested:*

*In researching markets, traders should:*

*1 Avoid spending time ....*

3. (Original: p. 19, para. 7)

1 Identify the appropriate market segment for the product.

2 Ensure that the distribution channels used match this segment.

3 Set specific objectives for each product and market segment.

4 Allocate adequate resources.

5 Prepare a marketing plan.

6 Monitor progress.

*Suggested:*

*When entering markets, traders should ...*

4. Arranging the contract (Original: p. 19, para. 8)

Train staff to use ICC's INCOTERMS 1990, e.g.

EXW - Ex Works

FCA - Free Carrier (named place)

FOB - Free on Board (named port of shipment)

CIF - Cost, Insurance and Freight (named port of destination)

DDP - Delivered Duty Paid (named place of destination)

5. (Original: p. 21, para. 8)

Investigate payment options including comparative cost and risks. Take advice of an international bank specialist.

6. Getting the goods to the market (Original: p. 21, para. 9)

For all methods except post, it is sensible to use a carefully chosen freight forwarder, or export administration company, who can obtain comparative quotations for your products and can arrange transport, insurance, official documentation and customs clearance. At a later stage, once regular markets are established, the exporter might deal directly with chosen transport operators.

*Suggested:*

*Use a carefully chosen freight forwarder, or export administration company, who can obtain comparative quotations for their products and can arrange transport, insurance, official documentation and customs clearance, for all methods except post. At a later stage, once regular markets are established, the exporter might deal directly with chosen transport operators.*

7. Documentation and export administration (Original: p. 23, para. 10)

Documents and their electronic equivalents should follow international standards and the national aligned system. A system compatible with requirements should be installed; this can vary from multi-part sets, through the use of overlays and photocopiers/duplicators, to PC or mainframe computer system.

Careful attention should be paid to providing accurate, timely information to the customer, customs and other official bodies and to those providing services to the exporter, e.g. forwarders, ports, carriers, insurers and banks.

Document systems should be reviewed periodically, in order to use up-to-date technology and eliminate redundant forms and copies.

*Suggested:*

*Follow international standards and the national aligned system; install a system compatible with requirements; this can vary from multi-part sets, through the use of overlays and photocopiers/duplicators, to PC or mainframe computer system.*

*Pay careful attention to providing accurate, timely information to the customer, customs and other official bodies and to those providing services to the exporter, e.g. forwarders, ports, carriers, insurers and banks.*

*Review document systems periodically, in order to use up-to-date technology and eliminate redundant forms and copies.*

8. Getting paid (Original: p. 24, para. 11)

L/C transactions should be carefully managed.

With the considerable number of errors on in-coming credits a pro-forma credit should be sent to the buyer at an early stage. When the L/C is received by the exporter it should be checked thoroughly against the instructions (pro-forma) sent to the buyer to see whether it is acceptable or what amendment is required.

The exporter must plan and manage the export payment process, selecting the most appropriate payment methods; maintaining close liaison with the buyer; coordinating internal practices and training staff to ensure the most efficient and cost effective handling of the whole transaction.

*Suggested:*

*Manage L/C transactions carefully.*

*With the considerable number of errors on in-coming credits, send a pro-forma credit to the buyer at an early stage. When the L/C is received by the exporter, check it thoroughly against the instructions (pro-forma) sent to the buyer to see whether it is acceptable or what amendment is required.*

*Plan and manage the export payment process, selecting the most appropriate payment methods; maintaining close liaison with the buyer; coordinating internal practices and training staff to ensure the most efficient and cost effective handling of the whole transaction.*

9. The customer (Original: p. 25, para. 12)

The exporter and importer should liaise about their administrative requirements. The exporter should provide customer service before and after the despatch of the goods.

The importer needs to ensure that his purchasing practices are up-to-date and realistic and that he can carry out import clearance as soon as the goods arrive.

*Suggested:*

*Importers should ensure that their purchasing practices are up-to-date and realistic and that they can carry out import clearance as soon as the goods arrive.*

**Recommendations to providers of international trade services**

10. The role of international trade services (Original: Part II, p. 17, para. 17)

All companies supplying international trade services should simplify their services as far as possible and use international standard practices and information standards such as the UN Layout Key for Trade Documents and UN/EDIFACT EDI standards. Where appropriate, national standards should also be followed so that their documents can be part of national aligned systems. (See Appendix 1, Annex 2 to see an example of the range of documents within a national system).

Advisory services to traders should be coordinated to avoid duplication and increase effectiveness.

Coordinate all "transport" service activities as set out in section 6.3.

Financial services should be reviewed periodically to ensure use of current best practices.

*Suggested:*

*International trade services should:*

*Simplify their services as far as possible and use international standard practices and information standards such as the UN Layout Key for Trade Documents and UN/EDIFACT EDI standards. Where appropriate, national standards should also be followed so that their documents can be part of national aligned systems.*

*Coordinate advisory services to traders to avoid duplication and increase effectiveness.*

*Coordinate all "transport" service activities.*

*Review financial services periodically to ensure use of current best practices.*

11. Transport services (Original: p. 19, para. 18)

Multi-purpose shipping notes and consignment instructions should be developed as part of national aligned systems.

Shipping lines should offer traders non-negotiable documents, as an alternative to negotiable bills of lading, based on UN/ECE/ Recommendation 13 : Maritime transport documents.

Commercial and official practices need to be revised as countries develop container and trailer transport services.

*Suggested:*

*Transport services should:*

*Develop multi-purpose shipping notes and consignment instructions as part of national aligned systems.*

*Offer traders non-negotiable documents, as an alternative to negotiable bills of lading, based on UN/ECE/Recommendation 13 : Maritime transport documents.*

*Revise commercial and official practices as countries develop container and trailer transport services.*

12. Financial services (Original: p. 20, para. 19)

Commercial payment procedures associated with letters of credit and documentary collections should be reviewed to ensure that they follow current trade/transport requirements and use best practice. The objective is to be that processes do not hold up the efficient movement of goods or payment.

Express money transfer systems, which reduce payment "float time" to the minimum, should be introduced and encouraged.

Cargo insurance procedures should be simplified. The "open cover" concept should be used whenever possible. Insurance certificates and policies (when issued for individual shipments) and insurance declarations under open cover should be part of the national aligned document system.

*Suggested:*

*Financial services should:*

*Review commercial payment procedures associated with letters of credit and documentary collections to ensure that they follow current trade/transport requirements and use best practice.*

*Introduce and encourage express money transfer systems, which reduce payment "float time" to the minimum.*

*Simplify cargo insurance procedures; use the "open cover" concept whenever possible; be sure that insurance certificates and policies (when issued for individual shipments) and insurance declarations under open cover are part of the national aligned document system.*

13. Communications services (Original: p. 22, para. 20)

VANs need to interconnect, so that traders can contact all their customers/suppliers. Levels of security and end-to-end audit should be provided to meet commercial requirements.

*Suggested:*

*Communications services should:*

*Interconnect VANs, so that traders can contact all their customers/suppliers; provide levels of security and end-to-end audit to meet commercial requirements.*

## II. RECOMMENDATIONS ON TRANSPORT
(extracted from TD/B/WG.2/11/Add.2)

**Recommendations to commercial parties** (Original: p. 29, section A)

Actions by transport providers

1. Focus on areas where their competitiveness is optimal; identify and eliminate non-productive areas; identify new areas for action, such as information systems, total logistics services; increase their capital base, possibly through mergers or joint ventures; create or strengthen existing national transport organizations; institute regular exchanges with their clients, subcontractors, competitors, financial institutions and those governmental departments including Customs, that might influence their performance.

*Suggested:*

*Transport providers should:*

*Identify new areas for action, such as information systems, total logistics services; increase their capital base, possibly through mergers or joint ventures; create or strengthen existing national transport organizations;*

*institute regular exchanges with their clients, subcontractors, competitors, financial institutions and those governmental departments, including Customs, that might influence their performance.*

2. Furthermore, they should: improve their managerial skills; implement modern recruitment and promotion procedures; introduce training at all levels of staff; and simplify office routines and documentary procedures.

*Suggested:*

*Improve their managerial skills; implement modern recruitment and promotion procedures; introduce training at all levels of staff; and simplify office routines and documentary procedures.*

3. At the marketing level, they should establish efficient sales departments and institute proper marketing procedures; provide operational cargo tracking data to clients; subcontractor agreements and tariff structures should be reviewed and they should be prepared to quote proper door-to-door rates. These activities should be instituted at Trade Points where these exist.

*Suggested:*

*Establish efficient sales departments and institute proper marketing procedures; provide operational cargo tracking data to clients; subcontractor agreements and tariff structures should be reviewed and they should be prepared to quote proper door-to-door rates. These activities should be instituted at Trade Points where these exist.*

4. Actions should be taken at the operational level with regard to implementation of modern practices such as ensuring that adequate transport capacities in terms of both frequency and reliability; development of infrastructure such as ICDs, CFSs and other groupage facilities; investment in necessary equipment; introduction of planned maintenance; introduction of EDP/EDI and acquisition of appropriate software including systems for the tracking of vehicles and cargo (e.g. through the use of the Advance Cargo Information System [ACIS]), transmission of manifests etc.; and participation in port/maritime community information networks.

*Suggested:*

*Ensure adequate transport capacities in terms of both frequency and reliability; develop infrastructure such as ICDs, CFSs and other groupage facilities; invest in necessary equipment; introduce planned maintenance; introduce EDP/EDI and acquire appropriate software, including systems for the tracking of vehicles and cargo (e.g. through the use of the Advance Cargo Information System [ACIS]), transmission of manifests etc.; and participate in port/maritime community information networks.*

Actions by transport users (Original: p. 30)

5. Identification of main (regular) clients and transport providers in order to institute close consultations on the most efficient/cost-effective transport chain; accessing transport operators' tracking systems; agreeing with buyers/sellers, when using multimodal transport (door-to-door) to switch from unsuitable fob/cif INCOTERMS to new, multimodal transport-friendly fca/cip terms (free carrier/carriage and insurance paid to); participate fully in shippers' councils, National Trade and Transport Facilitation Committees and other representative bodies that promote efficient trade and transport services such as Trade Points; access to transport providers' data information systems (ACIS) tracking their cargo.

*Suggested:*

*Transport users should:*

*Identify main (regular) clients and transport providers in order to institute close consultations on the most efficient/cost-effective transport chain; access transport operators' tracking systems; agree with buyers/sellers when using multimodal transport (door-to-door) to switch from unsuitable fob/cif INCOTERMS to new, multimodal transport-friendly fca/cip terms (free carrier/carriage and insurance paid to); participate fully in shippers' councils, National Trade and Transport Facilitation Committees and other representative bodies that promote efficient trade and transport services such as Trade Points; access transport providers' data information systems (ACIS) tracking their cargo.*

6. Scrutinize carefully the level of services offered by transport providers presently used and compare these to services offered by others; institute regular consultations with all transport providers.

7. Furthermore, they should: increase their capital base; improve their managerial skills; implement modern recruitment and promotion procedures; introduce training at all levels of staff; simplify office routines and documentary procedures; through coordinated efforts with other transport users, strengthen their bargaining position vis-à-vis transport providers.

*Suggested:*

*Increase their capital base and improve managerial skills; implement modern recruitment and promotion procedures; introduce training at all levels of staff; simplify office routines and documentary procedures; through coordinated efforts with other transport users, strengthen their bargaining position vis-à-vis transport providers.*

8. Become more involved in transport issues by: providing information on cargo clients; identifying points where cargo may become damaged, then seek to eliminate the reasons for such damage, alternatively change transport packaging, cargo care procedures and/or transport routes/providers to avert future damage to cargo; use local Trade Points or National Trade and Transport Facilitation

Committees to institute regular exchanges of views on transport issues with clients, competitors, financial institutions (banks and insurers) and governmental agencies including Customs.

*Suggested:*

*Provide information on cargo clients; identify points where cargo may become damaged then seek to eliminate the reasons for such damage; alternatively change transport packaging, cargo care procedures and/or transport routes/providers to avert future damage to cargo; use local Trade Points or National Trade and Transport Facilitation Committees to institute regular exchanges of views on transport issues with clients, competitors, financial institutions (banks and insurers) and governmental agencies, including Customs.*

Actions by other commercial parties

9. Implement recognition of the latest version of ICC's Uniform Customs and Practices for Documentary Credits (ICC 500) and encourage traders to use new multimodal transport-friendly INCOTERMS such as fca/cip; consider extending credit facilities to cover inland transport costs of imported goods; and design and encourage traders to take out insurance policies tailor-made for multimodal transport.

*Suggested:*

*(Address the following recommendation to transport users)*

*Use new multimodal transport-friendly INCOTERMS such as fca/cip as defined in the latest version of ICC's Uniform Customs and Practice for Documentary Credits (ICC 500); take out insurance policies tailor-made for multimodal transport.*

**Recommendations to intergovernmental organizations**

(Original: p. 31, section C, para. 47)

10. While most earlier recommendations can be undertaken by the commercial parties in cooperation with the relevant governmental agencies, there may, in certain areas, be a need for assistance from intergovernmental organizations. The following recommendations are therefore made:

*Suggested:*

*While most earlier recommendations can be undertaken by the commercial parties in cooperation with the relevant governmental agencies, there may, in certain areas, be a need for assistance from intergovernmental organizations. The following recommendations are therefore made:*

*Intergovernmental organizations should:*

11. Intergovernmental organizations may be asked to provide assistance with the implementation of specific actions such as advice:

- to Governments and commercial parties on specific measures which will facilitate the introduction of multimodal transport in a country or subregion;

- on modifications to organizational structures for (parastatal) companies to improve their performance;

- on the creation of National Trade and Transport Facilitation Committees; and

- on the organization of awareness campaigns.

*Suggested:*

*Advise Governments and commercial parties on*

- *specific measures which will facilitate the introduction of multimodal transport in a country or subregion;*

- *modifications to organizational structures for (parastatal) companies to improve their performance;*

- *the creation of National Trade and Transport Facilitation Committees; and*

- *the organization of awareness campaigns.*

**Implementation of the suggested recommendations**
(Original: p. 32, section D, para. 48)

12. The recommendations made above to Governments and commercial parties need to be assessed in terms of the local context. In this evaluation process, international organizations, both intergovernmental and non-governmental, will have important roles to play in assisting developing countries' decision-makers in two possible ways:

(a) By providing and monitoring technical assistance and training in specific areas, such as those mentioned in this report; and

(b) By directly creating an awareness of international multimodal transport issues, by preparing reference documents for decision-makers on key issues, and by keeping these decision-makers abreast of technological developments.

*Suggested:*

*The recommendations made above need to be assessed in terms of the local context. In this evaluation process, international organizations, both intergovernmental and non-governmental, should assist developing countries' decision-makers and*

*(a) Provide and monitor technical assistance and training in specific areas, such as those mentioned in this report; and*

*(b) Create an awareness of international multimodal transport issues by preparing reference documents for decision-makers on key issues, and by keeping these decision-makers abreast of technological developments.*

## III. RECOMMENDATIONS ON BANKING AND INSURANCE
(extracted from TD/B/WG.2/11/Add.3)

### Recommendations to Trade Points

*Suggested:*

*Trade Points should:*

1. Trade Points should also evaluate the new opportunities arising from the GATT Uruguay Round of multilateral trade negotiations, once a final agreement on the financial services component has been successfully concluded. (Original: p. 7, para. 17)

*Suggested:*

*Evaluate the new opportunities ...*

2. To support export clients effectively, particularly SMEs, the Trade Points should be able to provide comprehensive information on available finance, payment and risk management alternatives. This financial advisory function would ideally be staffed by a trained adviser who can analyse the client's export business and recommend appropriate financing and insurance alternatives. The advisory function should be supported by an extensive database addressing the capabilities of available financial services providers. (Original: p. 10, para. 29)

*Suggested:*

*Provide export clients, particularly SMEs, with comprehensive information on available finance, payment and risk management alternatives ...*

3. The computerized database supporting the financial advisory function should contain detailed information on qualified financial service providers. For example, information regarding commercial banks should include: (Original: p. 10, para. 31)

*Suggested:*

*Include in the computerized database supporting the financial advisory function detailed information ...*

- Name, size and domicile of the institution.
- Location of institution and overseas branches or subsidiaries that provide trade-related services, including contact information.
- Types of exporters served (e.g., pre-exporter, new-to-export, new-to-market, and old-to-market).
- Geographical markets where the institution has had risk exposures or has provided services (particularly where the institution has specialist capabilities).
- Industries for which the institution has provided services (particularly areas of specialization).
- Types of finance, payment and risk management products which the institution has experience with or prefers.
- Preferred client size, or minimum standard.
- Preferred transaction size and tenor, or minimum standard.
- Experience with government or multilateral agency guarantee or insurance programmes.
- Special services targeted to SMEs.
- Special Trade Point-related programmes or involvement in a LTEA.
- Credit information services.
- Other services available.
- Other relevant information.

The database should also be capable of cataloguing comments from the Trade Points concerning their past experience with a given institution. (Original: p. 11, para. 31)

4. The initial priority should be to develop a database for providers of financing, payment services, credit insurance and credit information. Cargo insurance is normally sold through independent brokers who have already developed their own internal databases of insurers. (Original: p. 11, para. 32)

***Suggested:***

*Develop as soon as possible a database for providers of financing, payment services, credit insurance and credit information ...*

5. Trade Points should be able to facilitate access to foreign credit information, either by bringing a member company of a credit reporting network into the LTEA or by acting as a distributor for overseas credit reporting agencies. (Original: p. 14, para. 44)

*Suggested:*

*Facilitate access to foreign credit information ...*

6. Trade Points should be positioned to advise clients on the pre-shipment financing facilities available in their country or region. In addition, Trade Points can develop support programmes to assist exporters in structuring and delivering on their contractual commitments, so that participating financial institutions can offer pre-shipment finance without assuming undue risks. (Original: p. 17, para. 54)

*Suggested:*

*Be prepared to advise clients ...*

7. Trade Points should facilitate access to export factoring services for their export clients. Support for new exporters in mastering international trade procedures and building export volume will help them to achieve the thresholds required to access factoring services. (Original: p. 20, para. 74)

*Suggested:*

*Facilitate ...*

8. Trade Points should be able to refer clients to qualified forfeiters and assist client importers in obtaining the requisite guarantees. As forfeiting transactions are tailored to the specific requirements of the trading counterparties, the telecommunications capabilities of the Trade Points can be invaluable in facilitating the flow of information. (Original: p. 22, para. 82)

*Suggested:*

*Be able ...*

9. Trade Points should recruit qualified countertrade brokers into the LTEAs, if justified by potential trade volumes. Otherwise, the Trade Points should be able to refer clients to qualified countertrade brokers and financial institutions which specialize in facilitating countertrade transactions. (Original: p. 23, para. 87)

*Suggested:*

*Recruit ...*

10. Trade Points should determine the potential demand for lease financing services based upon the local volume of capital equipment exports. The current legal framework in the local market and potential target markets should be evaluated to determine if crossborder leasing is feasible. Local financial institutions with a leasing capability or international leasing specialists should be included in the financial services referral service. (Original: p. 24, para. 91)

*Suggested:*

*Determine ...*

11. The Trade Points should facilitate the availability of credit insurance to their clients through the development of a brokerage or underwriting capability within the Trade Point or a LTEA member company. (Original: p. 32, para. 131)

*Suggested:*

*Facilitate ...*

12. Export credit insurance services should be targeted at experienced exporters who sell on a frequent basis to a fairly regular group of overseas customers and who wish to switch from documentary credits to open account terms of payment without incurring significant additional credit risk. It is also useful when selling to markets, such as Western Europe, where L/Cs are not commonly demanded and their use may influence the purchase decision. (Original: p. 32, para. 132)

*Suggested:*

*Target export credit insurance services at ...*

**Recommendations to local trade efficiency associations**

*Suggested:*

*Local Trade Efficiency Associations should:*

13. The individual LTEAs should also work with national and multilateral agencies to draw up finance and guarantee programmes, such as pre-shipment finance guarantees or domestic letters of credit, which are appropriate to their clients' needs and the capabilities of the domestic financial system. These types of pre-shipment financial support have been implemented successfully in developing countries and economies in transition. However, most have been

implemented by government institutions, which have the necessary financial resources, access to external finance and ability to modify the legal infrastructure. (Original: p. 17, para. 55)

*Suggested:*

*Cooperate with national and multilateral agencies to draw up ...*

14. Local Trade Efficiency Associations (LTEAs) should determine the financial risk management needs of their clientele and develop seminars or training programmes to explain the relevant techniques. For example, UNCTAD has sponsored training programmes in the use of commodity futures. If potential demand is adequate, the LTEAs should also facilitate access to risk management services by their clients. These services could either be provided through affiliated financial institutions (e.g. forward contracts in foreign currencies) or by qualified foreign institutions/brokers identified through the financial services referral function. (Original: p. 35, para. 143)

*Suggested:*

*Determine the financial risk management needs of their clientele ...*

15. Local Trade Efficiency Associations should also consider lobbying their national governments if legal/regulatory barriers are impeding the utilization of modern financial risk management tools. (Original: p. 35, para. 144)

*Suggested:*

*Consider ...*

16. Local Trade Efficiency Associations should recruit at least one marine insurance broker or underwriter into the Trade Point in order to facilitate easy access to insurance services. A full range of insurance alternatives should be available, although the open cover policy is the most efficient from an administrative point of view. (Original: p. 36, para. 149)

*Suggested:*

*Recruit ...*

17. Local Trade Efficiency Associations should also consider lobbying their national Government to permit an easing of local-sourcing requirements for trade-related insurance and to work for the harmonization of international procedural conventions in marine insurance. (Original: p. 36, para. 150)

*Suggested:*

*Consider ...*

**Recommendations to UNCTAD and to the Trade Point Network**

18. UNCTAD and the Trade Point Network also should follow closely the initiative of the World Trade Centers Association (WTCA) to create a new EDI-based collection/payment/financing system to serve Trade Centre clients. This initiative, which is still in the design stage, is an attempt to re-engineer the traditional trade finance mechanisms described above. The WTCA has also indicated an interest in collaborating with UNCTAD in developing this technology. (Original: p. 27, para. 106)

*Suggested:*

*UNCTAD and the Trade Point Network should:*

*Follow closely, the initiative of the World Trade Centers Association (WTCA) to create a new EDI-based collection/payment/financing system to serve Trade Centre clients.*

19. As the Trade Point Network is still in its early development, consideration of a proprietary payments system is premature. However, UNCTAD, the LTEAs and affiliated financial institutions should seek to participate in national and regional efforts, both public and private, to develop or enhance payment and clearing systems. In particular, they should seek to ensure that the development process for new systems addresses the following issues:

- The EDI capabilities should be designed under EDIFACT standards.

- The system design should facilitate linkages to other national and regional clearing systems. Moreover, mechanisms to finance short-term deficits by member countries should be incorporated to prevent settlement delays.

- Developments in documentary credit/collections techniques should be reflected in the system design. (Original: p. 30, para. 123)

*Suggested:*

*Seek to participate in national and regional efforts ...*

**Recommendations to financial institutions associated with the Trade Points**

20. Financial institutions associated with the Trade Points should consider the implementation of modern trade banking systems as a means of increasing the efficiency of service delivery and reducing transaction costs. Institutions should also review current documentary credit/collection procedures and contract terminology to ensure that they are up to date and conform to international standards. (Original: p. 27, para. 105)

## IV. RECOMMENDATIONS ON TELECOMMUNICATIONS

(extracted from TD/B/WG.2/11/Add.5)

**Recommendations to Trade Points**

1. In its basic configuration, each Trade Point needs to have one or more accesses to the switched telephone network and to be equipped with a fax and a comms PC, enabling it in particular to operate an E-mail access of the internet type. This configuration, which is kept to a minimum in order not to create barriers to entry, does not pre-judge the nature of the actual communication applications that will be maintained by the Trade Point once it gets going. The nature of the medium-term needs will make it possible to identify the "telecommunication" decisions to be taken immediately, in the light of implementation problems and periods. It will also make it possible to anticipate the gains in efficiency to be expected (transaction-facilitating aspect) and their impact on the development of network terminating points (strategic resource aspect). (Original: p. 24, para. 59.)

*Suggested:*

*Trade Points should:*

*Obtain, at least one or more accesses to the switched telephone network and be equipped with ...*

2. Access to international data transmission services (Infonet, Sita, etc.) and access to international message services (Internet); possible development of a network of intermediaries to market these services. A specific role could be entrusted to Trade Points, which might negotiate with some of the networks not just on access to different types of connection, but also on preferential tariffs, taking account, for example, of existing overcapacity or opportunities for marginal cost charging in such a way as to reduce appreciably the cost of the international data transmissions which are essential for international trade. (Original: p. 26, para. 65.)

*Suggested:*

*Negotiate with international data transmission (Infonet, Sita) and message (Internet) services, not only to gain access to these services, but also to obtain preferential tariffs, taking account, for example ...*

3. If there is, in the long term, a network effect in the making of contact between Trade Points (TP), it will be only one element in the network of relations that the TP will maintain with the overall economic environment. From the standpoint of communication flows, a distinction should be made between national traffic (TP-inside the country), regional traffic (TP-another country in the same economic zone, e.g. European Union), inter-TP traffic (effective network set up by interconnection of TPs) and international traffic proper. The distribution of these flows will be a fundamental guideline for a total communication policy specific to TPs. (Original: p. 28, para. 67.)

*Suggested:*

*Distinguish between national traffic ...*

4. It would thus be possible to draw up a matrix of communication flows, with a view to discussion and negotiation (on specific tariff terms, for example), bringing out the two dimensions of the telecommunication resource in relation to the requirements of international trade: facilitation and strategic resource. (Original: p. 28, para. 68.)

*Suggested:*

*Elaborate a matrix of communication flows ...*

**Recommendations to private operators of telecommunication systems**

5. The first measures to be considered relate to network access: these are measures concerning infrastructures and often entail investment whose impact can only be gradual. This involves raising networks to a level of geographical and functional development and offering an attractive range of tariffs which can meet the needs of small and medium-sized enterprises wishing to develop international activity. The following measures are to be considered:

(a) Complete automation of networks or procedure for connection of business users to automatic exchanges;

(b) Digitization of subscriber switches and offer of supplementary services;

(c) Development of network access in remote or low-density regions for small business users through the adoption of appropriate network architectures (small rural exchanges, TDMA systems, cellular systems, point-to-point, wire or radio-relay links, satellite transmission); the development of alternative solutions for ensuring general access to international networks (such as access to future low-orbit satellite networks);

(d) Creation, development and decentralization of access ports to X25 networks;

(e) ... (Recommendation addressed to Governments.)

(f) ... (Recommendation addressed to Governments.)

(g) ... (Recommendation addressed to Governments.)

(h) Decentralization of international transit centres so as to offer international connections which do not necessarily depend on the state of the trunk networks. (Original: p. 25, para. 61.)

*Suggested:*

*Private operators of telecommunication systems should:*

*Concerning infrastructures:*

*(a) Complete ...*

*(b) Digitize ...*

*(c) Develop ...*

*(d) Create ...*

*(e) Decentralize ... state of the trunk networks.*

6. Measures relating to telecommunication network tariffs include:

(a) Measures based essentially on tariff restructuring to reduce the differentials between residential and business users and eliminating discrimination in international calls;

(b) Reduction in the cost of international calls, with the aim of standardizing international tariffs on the basis of the current average world prices;

(c) Abolition of special subscriptions for international services; introduction of general automatic access to international services without discrimination;

(d) Introduction of peak and off-peak rates in the international service, leading to partial reductions in tariffs;

(e) Reduction in network connection costs;

(f) Abolition of discrimination by type of user;

(g) Abolition of connection costs for specific terminals (fax, modems, etc.). (Original: p. 25, para. 62.)

*Suggested:*

*Concerning telecommunications networks tariffs:*

*(a) Restructure tariffs in order to reduce the differentials ...*

*(b) Reduce the cost of international calls ...*

*(c) Abolish special subscription ...*

*(d) Introduce ...*

*(e) Reduce ...*

*(f) Abolish ...*

*(g) Abolish ...*

7. Measures relating to non-tariff obstacles are:

(a) Abolition of specific arrangements for access to international networks and services through general standardization of procedures for commercial interconnection between domestic and international operating agencies;

(b) Access to network and service directories, both domestically and internationally;

(c) Provision of quality services, in terms of both connection waiting times and call quality;

(d) Provision of administrative information enabling call costs to be monitored and checked (detailed billing, service for monitoring and setting a limit on call expenditure, etc.). (Original: p. 26, para. 64.)

*Suggested:*

*Concerning non-tariff obstacles:*

*(a) Abolish ...*

*(b) Provide access to ...*

*(c) Provide quality services ...*

*(d) Provide administrative information ....*

8. These measures are designed to increase the number of services available in a country and to spread their use through appropriate development of a supply adapted to users' specific expectations, particularly for international trade. These measures are based on liberalization of telecommunication services. They include:

(a) ... (Recommendation addressed to Trade Points.)

(b) ... (Recommendation addressed to Governments.)

(c) Establishment of service interconnections, particularly interfaces between telex, data-transmission services and fax;

(d) Establishment of "kiosk" mechanisms based on national or international networks;

(e) Introduction of "one-stop shopping" for access to communication services, possibly combined with access to information services. "Kiosk" mechanisms and "one-stop shopping" functions could be entrusted initially to Trade Points, which would be responsible for introducing them;

(f) Possibility of paying for international services in local currency;

(g) ... (Recommendation addressed to Governments.)

(h) ... (Recommendation addressed to Governments.)

(i) When the provision of services seems inadequate in a particular area, improvement of the opportunities for persons involved in international trade to negotiate access to services provided from outside locations; this could in particular be brought about through Trade Points.

(j) Progressive decentralization of special access (of the teleport or Trade-Point type) in virtual form within countries;

(k) Preparation of specifications for all the communication applications described. (Original: p. 26, para. 65.)

*Suggested:*

*(a) Establish service interconnections ...*

*(b) Establish "kiosk" mechanisms ...*

*(c) Introduce "one-stop shopping" ...*

*(d) Offer the possibility of paying ...*

*(e) Allow international traders in areas with inadequate provision of services to negotiate ...*

*(f) Progressively decentralize special access ...*

*(g) Prepare specifications ...*

9. The specifications mentioned in paragraph 65 (k) above should:

(a) Be based on a breakdown of the application requirements. These communication requirements should be determined in relation to the following goals: access to market information; knowledge of international trade procedures; contacting of partners in the transaction; actual carrying-out of the transaction,

including payment; need to check or file the trade relation; consolidation of particulars of the deal;

(b) Specify in terms of minimum requirements the conditions for the supply of telecommunication services and networks. To this end a table should be prepared showing the functional correspondences between application requirements and services available;

(c) ... (Recommendation addressed to Governments);

(d) Analyse the organizational problems involved in the implementation of telecommunication services. Particular stress should be laid on the problems of adaptation in the use of telecommunication resources (establishment of (distance) training facilities for telecommunications). The problems of managing telecommunication resources (out-sourcing) will also be described;

(e) Specify the cost-benefit ratio in the introduction of services. This should be a simple economic calculation based on the costs of service access and use in relation to the expected benefits (limitation of dysfunctions in transactions, improvement of productivity in the processing of deals, value added from the standpoint of the organization of export markets);

(f) ... (Recommendation addressed to Governments) (Original: p. 27, para. 66.)

*Suggested:*

*These specifications should:*

*(a) Be based ...*

*(b) Specify ...*

*(c) Analyse ...*

*(d) Specify ...*

## V. RECOMMENDATIONS ON BUSINESS INFORMATION FOR TRADE
(extracted from TD/B/WG.2/11/Add.4)

1. All suppliers of business information should make a special effort to improve the timely preparation of business information on developing countries and economies in transition, in particular in the area of company information (contact data, credit ratings and business opportunities), trade regulations and statistics. (Original: p. 35, para. 122.)

2. Suppliers of business information, possibly in collaboration with national and international trade promotion institutions, should explore possibilities of offering preferential prices to users from developing countries and economies in transition

as well as accepting payment in local currencies. Business associations and national and international trade promotion organizations should contribute to reducing the cost of business information by drawing the attention of users to particularly cost-efficient sources (preparation of annotated guides to sources), through bulk orders, collective subscriptions, etc. (p. 35, para. 124.)

3. Training capacities for more effective use of business information have to be up-graded in developing countries and economies in transition. This should include the strengthening of local training institutions (training of trainers) as well as specialized training assistance to trade promotion institutions, business associations and the enterprise sector. (p. 35, para. 125.)

*Suggested:*

*Training and technical capacities for more effective use of business information by the business sector need to be up-graded in developing countries and economies in transition. This should include the strengthening of expertise on business information in business associations and the enterprise sector.*

4. Additional efforts should be undertaken by national and international organizations to increase awareness among producers and users on existing standards and coding systems (e.g. EDIFACT for data interchange, COMREG for company registers, HS for product classification) and to provide guidance and training on how to use these effectively. Suppliers and users of business information should ensure that these guidelines are applied, and should be involved in the further development of such standards. (p. 36, para. 128.)

*Suggested:*

*Suppliers and users of business information should ensure that existing standards and coding systems (e.g. EDIFACT for data interchange, COMREG for company registers, HS for product classification are applied; they should provide guidance and training on how to use these effectively, and should be involved in the further development of such standards. (128)*

5. Commercial suppliers of business information should seek to improve the coverage of their business information on developing countries and economies in transition. Tney should explore possibilities of meeting the growing demand for business information from users in developing countries and economies in transition at advantageous prices and in user-friendly formats. (p. 37, para. 130.)

6. Business associations should be aware of the important contribution that they can make towards increasing the efficiency of international marketing through business information. In line with their specific mandates and resources, they should collect, analyse, and disseminate basic business information such as contact data, sector-specific statistics, etc. Moreover, they should assist their members in learning how to apply business information effectively for international marketing. In view of their strength in selective dissemination, business associations should consider participating in international business information

networks of a regional nature (e.g. PTA Tinet) or global nature (e.g. Trade Points). They should ensure that their services are available not only to the well-established firms, but also to small- and medium-size enterprises and newcomers in international trade. (p. 37, para. 131.)

*Suggested:*

*Business associations should be aware of the important contribution that they can make towards increasing the efficiency of international marketing through business information. In line with their specific mandates and resources, they should collect, analyse, and disseminate basic business information such as contact data, sector-specific statistics, etc. Moreover, they should provide assistance and training on how to interpret and apply business information effectively for export and import marketing. In view of their potential strength in selective dissemination, business associations should consider participating in international business information networks of a regional nature (e.g. PTA Tinet) or global nature (e.g. Trade Points). They should ensure that their services are available not only to the well-established firms, but also to small and medium-size enterprises and newcomers in international trade.*

7. Organizations involved in the preparation of statistics should make an effort to improve the coverage and timeliness of foreign trade and other business statistics, in particular, as far as developing countries and economies in transition are concerned. They should review their pricing policies with a view to minimizing the exclusion of users in developing countries and economies in transition. (p. 38, para. 133.)

*Suggested:*

*Regional and international organizations involved in the preparation of statistics should make an effort to improve the coverage and timeliness of foreign trade and other business statistics, in particular as far as developing countries and economies in transition are concerned. They should review their pricing policies with a view to minimizing the exclusion for cost reasons of users in developing countries and economies in transition.*

8. Regional and international organizations should strengthen and extend existing business information networks in line with user requirements. (p. 38, para. 133.)

9. Regional and international organizations should provide overviews of available sources and services of business information with the objective of facilitating the choice between different sources and services and act as clearing houses for different experiences in the generation, collection and dissemination of business information. (p. 38, para. 133.)

10. In line with their respective mandates, regional and international organizations should step up their technical cooperation efforts with a view to enhancing the availability, access and efficient use of business information in developing countries and economies in transition. Efforts should concentrate in

particular on lower-income countries, industries the development of which can make a contribution to employment generation and poverty eradication, and small- and medium-size enterprises. (p. 38, para. 133.)

11. ITC should step up its efforts of preparing sector-specific Business Information Surveys on the global availability of the various types of business information, such as business contacts, trade regulations, statistics, etc. These surveys should serve two major purposes: they should be of immediate use to the business community in developing countries and economies in transition, and they should help in identifying priority areas for technical assistance at the interregional level. (p. 39, para. 133.)

12. In addition, country-specific Business Information Reviews should be carried out by ITC in close collaboration with UNCTAD, national focal points on business information and other organizations concerned, with a view to increasing the effectiveness of assistance and the coordination among various national and international institutions in the area of business information. Parallel to the objective of GATT's Trade Policy Reviews to achieve "greater transparency in, and understanding of, the trade policies and practices of contracting parties", the country-specific Business Information Reviews should take stock of how business information can increase its contribution to trade efficiency and identify priority areas for improvements and technical assistance. These country-specific Business Information Reviews could be integrated into possible Trade Efficiency Reviews, which would encompass all six elements of UNCTAD's Special Programme on Trade Efficiency (banking, business information, customs, telecommunications, trade facilitation and transport) in developing countries and economies in transition. (p. 39, para. 133.)

*Suggested:*

*... These country-specific Business Information Reviews would be undertaken at the specific request of the countries concerned. They could be integrated into possible Trade Efficiency Reviews, which would encompass all six elements of UNCTAD's Special Programme on Trade Efficiency (banking and insurance, business information, customs, telecommunications, business practices and transport) in developing countries and economies in transition.*

13. As gateways to global competition, Trade Points should contribute to encourage companies to explore the scope for internationalization. For SMEs and newcomers to international trade, the variety of sources of business information is often associated with a lack of transparency and calls for user-friendly points of interface between users and suppliers of business information. In this context, Trade Points have an important role to play as information nodes. By networking institutions, individuals and their information systems, Trade Points should enhance effective collection and dissemination of business information. (p. 39, para. 134.)

*Suggested:*

*Trade Points should encourage companies to explore the scope ...*

14. Stepped-up efforts to increase financial resources from traditional donors and the development of new forms of funding - including the financial participation of beneficiaries - are urgently required to reverse the widening gap between requirements and availability of resources to implement the above recommendations. (p. 40, para. 140.)

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